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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

September 30, 1993

Mr. William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

In the Matter of: )

Local Exchange Carriers' Rates, )  
Terms, and Conditions for )  
Expanded Interconnection for )  
Special Access )

CC Docket No. 93-162

Dear Mr. Caton:

Enclosed for filing are the original and seven copies of  
Cincinnati Bell Telephone Company's Rebuttal in CC Docket  
No. 93-162.

Please date stamp and return the duplicate of this letter as  
acknowledgement of its receipt.

Questions regarding this Direct Case should be addressed to  
Mr. Al Titus at (513) 397-7388 or faxed to him at (513) 241-9115.

Sincerely,

*Robert E. Sigmon*

Enclosures

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BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
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In the Matter of )

Local Exchange Carriers' Rates, Terms,  
and Conditions for Expanded Interconnection  
for Special Access )

CC Docket No. 93-162

**REBUTTAL OF CINCINNATI BELL TELEPHONE COMPANY**

**I. Background.**

On July 23, 1993, the Common Carrier Bureau (Bureau) released its Order Designating Issues For Investigation<sup>1</sup> with respect to the local exchange carriers' (LECs) expanded interconnection tariffs for special access.<sup>2</sup> Cincinnati Bell Telephone Company (CBT) filed its Direct Case in compliance with the Order on August 20, 1993. Only three parties -- the Public Utilities Commission of Ohio (PUCO), Sprint Communications Company, L.P. (Sprint) and MCI Telecommunications Corporation (MCI) -- filed comments addressing CBT's Direct Case. CBT hereinafter responds to those comments and demonstrates that its special access expanded interconnection tariff is just and reasonable and that the accounting order imposed on CBT's tariff should be lifted.<sup>3</sup>

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<sup>1</sup>Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access, Order Designating Issues For Investigation, CC Docket No. 93-162, DA 93-951 (released July 23, 1993) (Order).

<sup>2</sup>CBT's special access interconnection tariff, Transmittal No. 620, was filed with the Commission on February 16, 1993 in compliance with the Commission's Report and Order, 7 FCC Rcd 7369 (1992) (Special Access Order).

<sup>3</sup>The Bureau suspended the LECs' special access expanded interconnection tariffs for one day and permitted them to take effect subject to an accounting order. 8 FCC Rcd 4589 (1993).

## **II. PUCO Comments.**

The PUCO's comments regarding CBT's Direct Case are confined to four issues: (1) the insurance company ratings required by CBT; (2) the reasonableness of CBT's termination provisions; (3) the period within which CBT will notify interconnectors of CBT's decisions regarding a wire center following a catastrophic loss; and (4) the need to tariff certain elements for virtual collocation before CBT has negotiated a virtual collocation arrangement.

CBT does not oppose the PUCO's comments with respect to the ratings for interconnectors' insurance companies. As noted by the PUCO, CBT requires its contractors to maintain insurance underwritten by carriers with a Best A rating.<sup>4</sup> CBT will amend its interconnection tariff to require the same rating from interconnectors' insurance companies.

With respect to the reasonableness of CBT's termination provisions, it appears that the PUCO is satisfied with CBT's clarification of what constitutes a "material" violation of the tariff.<sup>5</sup> The PUCO suggests, however, that CBT should amend its special access expanded interconnection tariff to specify what constitutes a "material" violation. CBT's tariff already identifies the actions or inactions that constitute violations, including security breaches, noncompliance with network compatibility standards, actions that endanger the health and safety of others, and failure to pay for services. It is CBT's policy to terminate service only after material and/or repeated violations. An interconnector, like any customer, has certain rights and remedies if it believes service has been wrongly terminated. A list of the severity and repetition

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<sup>4</sup>PUCO Comments at 6 (citing CBT Direct Case at 11).

<sup>5</sup>PUCO Comments at 5.

of violations necessary to be "material" would be speculative at best, would be an unwarranted departure from the tariff language for other services, and is unnecessary.

With regard to catastrophic loss, the PUCO argues that decisions regarding whether to rebuild a wire center after a catastrophe should be made within 30 days. CBT's tariff provides for a period of 90 days. As stated in its Direct Case, CBT "intends to inform the interconnector promptly after deciding whether to repair, relocate or close the wire center" after a catastrophe.<sup>6</sup> In many instances, CBT would be able to inform its customers, including interconnectors, of CBT's decision within 30 days. Extraordinary circumstances, however, may force CBT to delay its decision beyond 30 days after the catastrophe.<sup>7</sup> CBT submits that a 90-day period is reasonable and urges the Bureau to reject the PUCO's comments in this regard.

Finally, the PUCO believes that CBT should tariff certain rate elements for virtual collocation at this time.<sup>8</sup> CBT respectfully disagrees with the PUCO. The PUCO released its Entry whereby it adopted a policy allowing LECs to choose the method of interconnection (either physical or virtual collocation) on February 16, 1993, the final day on which exemption requests based on such a state policy had to be filed with the Commission. On that same day, CBT sent a letter to the Chief, Common Carrier Bureau, reserving the right to modify its interconnection tariff as appropriate to reflect the PUCO's decision. Because CBT intends to offer physical

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<sup>6</sup>CBT Direct Case at 9.

<sup>7</sup>The summer-long flooding in the Midwest is a good example of a catastrophe that might delay a decision whether to re-open a wire center beyond 30 days.

<sup>8</sup>PUCO Comments at 3.

collocation wherever possible and to offer virtual collocation only if space for physical collocation is not available, CBT later withdrew its request to modify its interconnection tariff.<sup>9</sup>

CBT has no intrastate virtual collocation arrangements and CBT has not requested any exemptions from the physical collocation requirement based on a lack of space in particular wire centers.<sup>10</sup> Under the Special Access Order and the Bureau's Memorandum Opinion and Order released June 9, 1993,<sup>11</sup> such LECs are not required to file a virtual collocation tariff prior to negotiating a virtual collocation arrangement. CBT will tariff any virtual collocation arrangements negotiated in the future, specifying the rates, terms and conditions on which CBT will offer virtual collocation, as required by the Special Access Order.<sup>12</sup>

### **III. Sprint Comments.**

Sprint commented on only one issue in CBT's Direct Case -- the use of letters of agency for ordering and billing special access interconnection service. CBT will honor letters of agency

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<sup>9</sup>See Letter from CBT to Secretary, Federal Communications Commission, filed June 14, 1993.

<sup>10</sup>Indeed, CBT has received no requests for virtual collocation and believes that tariffing a service prior to any demonstrated demand for the service is a waste of scarce resources.

<sup>11</sup>Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, Memorandum Opinion and Order, DA 93-658 (released June 9, 1993); See also Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, Second Memorandum Opinion and Order on Reconsideration, FCC 93-378 (released September 2, 1993) at paras. 57-59.

<sup>12</sup>While CBT interprets the Commission's Orders as not requiring CBT to file a virtual collocation tariff at this time, CBT has previously stated that it intends the tariffed cross-connect element to apply to both physical collocation and to any virtual collocation arrangements. Moreover, several components of a virtual collocation arrangement are already contained in CBT's tariff. For example, labor rates can be found in Section 13 of CBT's access tariff.

for ordering purposes only.<sup>13</sup> Sprint contends that this limitation "serves to further inflate the already exorbitant rates for expanded interconnection service ...." Sprint obviously misunderstands CBT's rate development process. The costs of billing and collection to more than one customer for a special access circuit are not reflected in CBT's interconnection rates. For special access, CBT's billing system is capable of billing by circuit number. CBT could therefore bill a DS3 circuit to one party and the subtending DS1s to other parties. CBT could also bill any voice grade circuits carried on the subtending DS1s to separate parties. Accordingly, if each voice grade circuit was billed to a separate customer, CBT could be responsible for issuing and collecting approximately 700 separate bills for one DS3 circuit. CBT's interconnection rates do not (and should not) reflect the costs of such a billing and collection burden. Billing and collection is a cost of doing business for interconnectors and the Commission should not permit interconnectors to force this cost on the LEC. If an interconnector desires CBT to perform billing and collection services on its behalf, then a separate billing and collection arrangement is appropriate.<sup>14</sup>

#### **IV. MCI Comments.**

MCI also commented on only one issue in CBT's Direct Case. MCI is concerned with the cost-of-money component of CBT's interconnection rates. CBT's cost development methodology calculates an 11.25% cost of money over a three-year planning period and is consistent with CBT's cost methodology for all other services. The cost-of-money figure shown

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<sup>13</sup>CBT Direct Case at 12.

<sup>14</sup>CBT is also concerned about billing and collection for switched access interconnection. Split-billing for switched access raises several concerns that are not present with split-billing for special access.


on CBT's tariff review plan (TRP) is somewhat distorted because the TRP does not take into account the increase in maintenance, administrative and other expenses that occur in the later years of an investment's useful life. In any event, CBT's rate development methodology for special access expanded interconnection is consistent with the rate development methodology for its other access services and MCI has not shown that CBT's cost-of-money is inappropriate. Therefore, MCI's comments in this regard should be rejected.

**V. Conclusion.**

None of the three parties that commented on CBT's Direct Case raises any issues that warrant continuing the Bureau's investigation of CBT's special access interconnection tariff. Accordingly, the Bureau should terminate that investigation and remove the accounting order imposed on CBT's interconnection tariff.

Respectfully submitted,

FROST & JACOBS

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Dated: September 30, 1993

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**CERTIFICATE OF SERVICE**

I, Peggy A. Peckham, do hereby certify on this 30th day of September, 1993, that I have caused a copy of the foregoing **Rebuttal of Cincinnati Bell Telephone Company** to be mailed via first class United States mail, postage prepaid, to the persons on this service list.

  
Peggy A. Peckham

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